



## **CITY OF HAYWARD**

### **AGENDA REPORT**

AGENDA DATE 12/19/00

AGENDA ITEM 5

WORK SESSION ITEM       

**TO:** Redevelopment Agency Board  
Mayor and City Council

**FROM:** Director of Community and Economic Development

**SUBJECT:** Adoption of the Annual Report of Redevelopment Agency Activities for FY 1999-00

#### **RECOMMENDATION:**

1. That the Redevelopment Agency Board adopt the Annual Report of Redevelopment Agency Activities for FY **1999-00** and present it to City Counsel.
2. That the City Council receive and file the Annual Report of Redevelopment Activities for FY **1999-00**.

#### **BACKGROUND:**

California Community Redevelopment Law requires that the Redevelopment Agency present a report to the City Council within six months of the end of the fiscal year, and that the City Council review the report and take any action which it deems appropriate. The report is then filed **with** the State Controller's Office. The attached report includes the following components:

#### **The Financial Audit and Annual Report of Financial Transactions:**

There were no exceptions or issues identified in the Financial Statements and Compliance Report. The Annual State Controllers Report presents the financial audit information in a prescribed manner so that information can be reported on a statewide basis.

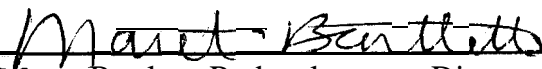
The Agency's actual revenues and expenditures generally matched the budget. There was a minor increase in tax increment FY **1999-00** over FY **1998-99**, and overall revenues exceeded budget projections. Tax increment is projected to increase significantly in the next two fiscal years as new private development takes place and tax increment from the area recently added to the redevelopment project area begins to flow in. Unreserved project equity in the general project fund was \$666,824 as of the end of the fiscal year.

With respect to Agency assets, the Agency's land held for resale increased significantly in this fiscal year. There are several reasons for this increase. First, the value of **certain** Agency properties were adjusted to reflect the sale amount set pursuant to **DDA's**. In addition, other property values were adjusted to reflect recent appraisals or actual improvements, including the "B" Street Marketplace retail development. Finally the Agency acquired four new properties on Site 4 at C and Watkins. It should be noted that subsequent to the end of this fiscal year the Agency sold both the City Walk and the Albertson's property.

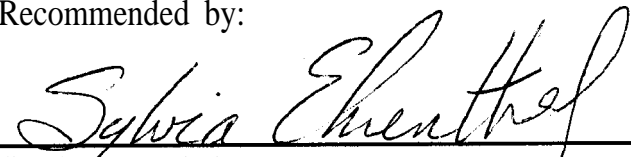
### **The Annual Report of Housing Activity:**

This report summarizes activities of the Low and Moderate-income Housing (L&M) fund. In FY 1999-00 the Agency spent approximately \$630,000 to purchase four properties on Site 4. In addition, the Agency funded a loan for the seismic retrofit/facade improvement of the Green Shutter Hotel. Finally, the First Time Homebuyer Program provided downpayment and closing cost assistance to 25 families in FY 1999-00. The number of households assisted this year was down from 36 households in FY 1998-99, due to the steep increase in housing prices in Hayward and the subsequent difficulty for such buyers to qualify for primary mortgage financing. The L&M fund has no "excess surplus" fund balance in this fiscal year. As anticipated last year's surplus was eliminated as a result of this year's acquisition efforts relative to Site 4.


Prepared by:

  
Maret Bartlett, Redevelopment Director

Recommended by:

  
Sylvia Ehrenthal  
Director of Community and Economic Development

Approved by:

  
Jesús Armas, City Manager

Attachments: Annual Report  
Resolutions

**DRAFT**

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

Introduced by Council Member \_\_\_\_\_

RESOLUTION ADOPTING THE ANNUAL REPORT OF  
REDEVELOPMENT AGENCY ACTIVITIES FOR FISCAL  
YEAR 1999-2000

BE IT RESOLVED that the City Council of the City of Hayward hereby acknowledges receipt of the "Annual Report of Redevelopment Agency Activities for FY 1999-2000," and directs that ~~the~~ report be filed with the **Office** of the State Controller.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2000

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT,:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward

# DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## RESOLUTION NO. RA-

Introduced by Agency Member \_\_\_\_\_

### RESOLUTION ADOPTING THE ANNUAL REPORT OF REDEVELOPMENT AGENCY ACTIVITIES FOR FISCAL YEAR 1999-2000

BE IT RESOLVED by the Redevelopment Agency of the City of Hayward that it does hereby adopt the "Annual Report of Redevelopment Agency Activities for FY 1999-2000," dated December 2000, a copy of which is attached hereto as Exhibit "A."

BE IT FURTHER RESOLVED that the Redevelopment Agency of the City of Hayward hereby forwards a copy of the annual report to the City Council of the City of Hayward for its review and appropriate action.

HAYWARD, CALIFORNIA \_\_\_\_\_, 2000

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: \_\_\_\_\_  
Secretary of the Redevelopment Agency  
of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
General Counsel

**EXHIBIT "A"**

**ANNUAL REPORT**

**OF**

**REDEVELOPMENT AGENCY ACTIVITIES**

**FOR**

**FY 1999-00**

Redevelopment Agency of the City of Hayward

A. **Independent Financial Audit**

See Appendix A, Redevelopment Agency of the City of Hayward Component Unit Financial Statements for the Year Ended June **30, 2000** and 1999, Independent Auditors' Report and Independent Auditors' Compliance Report.

B. **Annual Report of Financial Transactions for FY1999-00**

See Appendix B, Annual Report of Financial Transactions of Community Redevelopment Agencies.

C. **Description of Agency's Activities Affecting Housing and Displacement**

See Appendix C, Annual Report of Housing Activity of Community Redevelopment Agencies.

D. **Statement of Indebtedness**

See Appendix D, Statement of Indebtedness for the 2000-01 Tax Year

**APPENDIX A**  
**INDEPENDENT FINANCIAL AUDIT**  
**FOR FY 1999-00**

Redevelopment Agency of the City of Hayward

December 2000

**REDEVELOPMENT AGENCY  
OF THE CITY OF HAYWARD  
COMPONENT UNIT FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2000 AND 1999**



**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD  
COMPONENT UNIT FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2000 AND 1999**

**Table of Contents**

	<b>Page</b>
<b>Independent Auditors' Report</b> .....	1
 <b>Component Unit Financial Statements:</b>	
Combined Balance Sheets - All Fund Types and Account Groups .....	2
Combined Statements of Revenues, Expenditures and Changes in Fund Balances .....	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - .....	4
Notes to Component Unit Financial Statements .....	6
 <b>Combining Capital Projects Funds Financial Statements:</b>	
Combining Balance Sheet .....	14
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	15
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual .....	16
 <b>Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards</b> .....	 19

ACCOUNTANCY CORPORATION  
1670 Riviera Avenue - Suite 100  
Walnut Creek, California 94596  
FAX (925) 930-0135  
E-Mail: [maze@mazeassociates.com](mailto:maze@mazeassociates.com)  
Website: [www.mazeassociates.com](http://www.mazeassociates.com)

## INDEPENDENT AUDITOR'S REPORT

Members of the Governing Board of the  
Redevelopment Agency of the  
City of Hayward, California

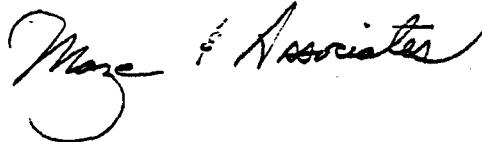
We have **audited** the accompanying financial statements of the Redevelopment Agency of the City of Hayward, (the Agency) a component unit of the City of Hayward, as of and for the years ended June 30, 2000 and 1999 as listed in the table of contents. These component unit financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are **free** of material misstatement. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by **management**, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the component unit financial statements present only the Agency and are not intended to present fairly the **financial** position and **results** of operations of the City of Hayward in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued reports dated October 13, 2000 on our consideration of the Agency's internal control structure and on its compliance with laws and regulations.

In our opinion, the component unit financial **statements** referred to above present fairly in all material respects the financial position of the Redevelopment Agency of the City of Hayward as of June 30, 2000 and 1999 and the results of operations for the years then ended, in conformity with generally accepted accounting principles.



October 16, 2000

# REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## COMBINED BALANCE SHEETS ALL FUND TYPES AND ACCOUNT GROUPS JUNE 30, 2000 WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 1999

	GOVERNMENTAL FUND TYPES		ACCOUNT GROUPS	
	Capital Projects Funds	Debt Service Fund	General Fixed Assets	General Long-Term Debt
<b>ASSETS:</b>				
Caah and investments available for operations (Note 2)	\$3,896,156	\$140,411		
Cash and investments with trustee (Note 2)		560,278		
Accounts receivable	179,434			
Loans receivable	400,000			
Interest receivable	46,806			
Dhe from City of Hayward				
Long-term receivable from City of Hayward (Note 3)	271,026			
Long term receivable due from General Capital Projects Fund (Note 4)	1,136,988			
Due from other government	64,571			
Land held for resale (Note 5)	5,055,507			
Fixed assets (Note 6)			\$9,109,839	
other assets	4,881			
Amount available in Debt Service Fund				\$700,689
Amount to be provided for retirement of long-term debt				20,217,980
<b>Total Assets</b>	<b>\$11,055,369</b>	<b>5700,689</b>	<b>\$9,109,839</b>	<b>\$20,918,669</b>
<b>LIABILITIES:</b>				
Accounts payable	\$96,233			
Performance bonds and refundable deposits	78,000			
Short term loan payable to City of Hayward				
Long term interfund payable to Low and Moderate Income Housing Capital Projects Fund (Note 4)	1,136,988			
Compensated absences	1,554			
Long-term obligations (Note 7):				
Tax allocation bon&				\$5,290,000
Long-term loans payable to the City of Hayward				15,628,669
<b>Total Liabilities</b>	<b>1,312,775</b>			<b>20,918,669</b>
<b>FUND EQUITY:</b>				
Investment in general fixed assets			\$9,109,839	
Fund balances:				
Reserved for:				
Encumbrances				
Debt service		5700,689		
Low and moderate income housing	2,483,275			
Loan receivable	400,000			
Long term receivable from city				
Long term interfund receivable	1,136,988			
Land held for resale	5,055,507			
Unreserved:				
Designated for capital projects	666,824			
Undesignated				
<b>Total Fund Balances</b>	<b>9,742,194</b>	<b>700,689</b>	<b>9,109,839</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$11,055,369</b>	<b>\$700,689</b>	<b>\$9,109,839</b>	<b>\$20,918,669</b>

See accompanying notes to financial statements

# REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE FISCAL YEAR ENDED JUNE 30, 2000 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Capital Projects Funds	Debt Service Fund	TOTALS (Memorandum Only)			
			2000	1	9	9
<b>REVENUES:</b>						
Incremental property taxes	\$2,404,938		\$2,404,938	\$2,378,779		
Merest	264,114	537,200	301,314	447,431		
Reimbursement from City	156		156	44,163		
Reimbursement from developer	1,183,749		1,183,749			
Charges for services				18		
Other	261,540		261,540	4,316		
Total Revenues	4,114,497	37,300	4,151,697	2,874,707		
<b>EXPENDITURES:</b>						
Current:						
Salaries and benefits	366,819		366,819	246,296		
Administrative services	205,331	6,305	211,636	218,460		
Housing loan program	169,090		169,090	471,561		
Capital outlay reimbursements to City of Hayward	258,595		258,595	3,458,339		
Capital outlay	2,498,527		2,498,527	4,291,667		
Debt service						
Principal retirement	255,000	250,000	505,000	490,000		
Interest and fiscal charges	528,441	289,019	817,460	574,869		
Total Expenditures	4,281,803	545,324	4,827,127	9,751,192		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(167,906)	(508,124)	(675,430)	(6,876,485)		
OTHER FINANCING SOURCES (USES)						
Proceeds from repayment agreement (Note 3)	5,702,124		5,702,124	5,491,093		
Operating transfers in		545,325	545,325	541,532		
Operating transfers (out)	(545,325)		(545,325)	(541,532)		
Total Other Financing Sources (Uses)	5,156,799	545,325	5,702,124	5,491,093		
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	4,989,493	37,201	5,026,694	(1,385,392)		
BEGINNING FUND BALANCE	4,753,101	663,488	5,416,589	6,801,981		
ENDING FUND BALANCE	\$9,742,594	\$700,689	\$10,443,283	\$5,416,589		

# REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	CAPITAL PROJECTS FUNDS			DEBT SERVICE FUND		
	Budget	Actual	Variance Favorable, (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Incremental property taxes	\$2,560,617	\$2,404,938	(\$155,679)			
Interest	312,523	264,114	(48,409)	\$37,000	\$37,200	\$200
Reimbursement from City		156	156			
Reimbursement from developer	1,183,749	1,183,749				
Other		261,540	261,540			
Total Revenues	4,056,889	4,114,497	57,608	37,000	37,200	200
<b>EXPENDITURES:</b>						
<b>Current:</b>						
Salaries and benefits	422,291	366,819	55,472			
Administrative services	x,143,959	205,331	938,628	6,305	6,305	
Loan program	1,420,000	169,090	1,250,910			
Capital outlay reimbursements to City of Hayward	258,439	258,595	(156)			
Capital outlay	5,128,808	\$012,761	116,047			
Debt service:						
Principal retirement	23,000	255,000		250,006	250,000	
Interest and fiscal charges	528,441	528,441		289,019	289,019	
Total Expenditures	9,156,938	6,796,037	2,360,901	545,324	545,324	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,100,049)	(2,681,540)	2,418,509	(508,324)	(508,124)	200
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from repayment agreement	5,702,124	5,702,124				
Operating transfers in				539,019	545,325	6,306
Operating transfers (out)	(545,325)	(545,325)				
Total Other Financing Sources (Uses)	\$156,799	5,156,799		539,019	545,325	6,306
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	356,750	2,475,259	\$2,418,509	530,695	37,201	\$6,506
Adjustments to budgetary basis:						
Land held for resale cost (Note 1F)		2,514,234				
<b>BEGINNING FUND BALANCES</b>		4,753,101			663,488	
<b>ENDING FUND BALANCES</b>		\$9,742,594			\$700,689	

See accompanying notes to financial statements

**Totals**  
**(Memorandum Only)**

<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>\$2,560,617</b>	<b>\$2,404,938</b>	(5155,679)
<b>349,523</b>	301,314	(48,209)
	156	156
<b>1,183,749</b>	<b>1,183,749</b>	
	261,540	261,540
<b>4,093,889</b>	<b>4,151,697</b>	57,808

<b>422,291</b>	<b>366,819</b>	55,472
<b>1,150,264</b>	211,636	938,628
<b>1,420,000</b>	169,090	<b>1,250,910</b>
258,439	258,595	(156)
<b>5,128,808</b>	<b>5,012,761</b>	116,047
505,000	505,000	
817,460	817,460	
<b>9,702,262</b>	<b>7,341,361</b>	2360901

(5,608,373)	<b>(3,189,664)</b>	<b>2,418,709</b>
-------------	--------------------	------------------

<b>5,702,124</b>	<b>5,702,124</b>	
539,019	545,325	6906
(545,325)	(545,325)	
<b>5,695,818</b>	<b>5,702,124</b>	6306

<u><u>\$87,445</u></u>	<u><u>2,512,460</u></u>	<u><u>\$2,425,015</u></u>
------------------------	-------------------------	---------------------------

2,514,234

5,416,589

\$10,443,283

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 1-SIGNIFICANT ACCOUNTING POLICIES**

- A. **Description of the Redevelopment Agency and Redevelopment Plan** - The Redevelopment Agency of the City of Hayward (the Agency) was created in December 1969 under the provisions of the Community Redevelopment Law (California Health and Safety Code), for clearance and rehabilitation of areas determined to be in a declining condition in the City of Hayward. A Redevelopment Plan was adopted in December of 1975 and amended in April of 1994 to provide an improved physical, social and economic environment in the Project Area. In November 1998 a redevelopment amendment added approximately 370 acres to the existing Project Area for the primary purpose of undertaking neighborhood preservation activities in the residential areas and facilitate reuse or redevelopment of certain industrial and commercial sites over time.

The Agency is authorized to finance the Redevelopment Plan from various sources, including assistance from the City, the State and federal government, property tax increments, interest income and the issuance of Agency notes and bonds.

The Agency is an integral part of the City of Hayward and, accordingly, the accompanying financial statements are included as a component of the general purpose financial statements prepared by the City. A component unit is a separate governmental unit, agency or nonprofit corporation which, when combined with all other component units, constitutes the reporting entity as defined in the City's general purpose financial statements.

- B. **Description of Funds and Account Groups** - The accounts of the Agency are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues and expenditures. The Agency uses the following funds and account groups:

**GOVERNMENTAL FUND TYPES:**

**Capital Projects Funds** are used to account for all resources used in the acquisition and construction of major capital facilities and other fixed assets under the Redevelopment Plan.

**Debt Service Fund** is used to account for the accumulation of resources for and the payment of principal, interest and related costs of general long-term debt.

**ACCOUNT GROUPS:**

**General fixed assets account group** is used to account for the costs of the fixed assets of the Agency.

**General long-term obligations account group** is used to account for long-term obligations of the Agency.

- C. **Measurement Focus** -All governmental funds are accounted for on a spending or financial flow measurement focus which means that only current liabilities are generally included on their balance sheets. Their reported fund balance is their net current assets, which is considered only to be a measure of available spendable resources. Governmental fund operating statements present a summary of sources and uses of available spendable resources during a period by presenting increases and decreases in net current assets.

In those cases when a governmental fund records a long-term receivable or other non-current asset, an offsetting credit is made to deferred revenue or undesignated fund balance is reduced to reflect the fact that this amount is not yet available.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD  
Notes to Financial Statements

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- D. Fixed Assets and Long-Term Liabilities** - Because of their spending measurement focus, governmental funds exclude fixed assets and noncurrent liabilities. Instead, these assets and liabilities are reported in the General Fixed Assets Account Group and the General Long-Term Obligations Account Group. The General Fixed Assets Account Group provides accounting control over the cost of **fixed** assets used by the Agency's governmental funds. The General Fixed Assets Account *Group* is not a fund and its balances are not financial resources available for expenditure. Rather, they provide an historical record of resources expended on general fixed assets. Public domain (infrastructure) general fixed assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized because these assets are immovable and of value only to the public. No depreciation has been provided on general fixed assets.

All fixed assets are valued at **historical** cost or estimated historical cost if actual cost is not available. Donated **fixed** assets are valued at their fair market value on the date donated.

Fixed assets acquired under lease/purchase agreements are capitalized.

The General Long-Term Obligations Account Group provides accounting control over the Agency's general long-term obligations. These obligations will be repaid out of governmental funds but are not accounted for **in** these funds because they do not require an appropriation or expenditure in this accounting period.

- E. Basis of Accounting** refers to **when** revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. **All** governmental funds are accounted for using the modified accrual basis of accounting. These **fund** revenues are recognized when they become measurable **and** available as net current assets. Measurable means the amount of the transaction can be determined and available means the amount is collectible within the current period or soon enough thereafter (generally sixty days) to be used to pay liabilities of the current period. Amounts which could not be measured or were not available were not accrued as revenue in the current fiscal year.

Those revenues susceptible to accrual are incremental property taxes and interest revenue.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on governmental funds' long-term debt which is recognized when due. Financial resources **usually** are appropriated in other **funds** for transfer to a Debt Service Fund in the period in which maturing debt principal and interest must be paid. Such amounts thus are not current liabilities of the Debt Service Fund as their settlement will not require expenditure of existing fund assets.

- F. Budgets and Budgetary Accounting** - The Agency adopts an annual operating budget, effective July 1, for the ensuing fiscal year for the Capital Projects Funds and Debt Service Fund.



**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Agency Executive Director may transfer appropriations from one program, activity, or object to another within the same fund. However, transfers of appropriations which increase total fund appropriations must be approved by the Agency Board. Expenditures which exceed appropriations at the fund level must be approved by the Agency Board. All unexpended appropriations lapse at the end of the fiscal year.

The Agency's budget is presented on a basis **consistent** with generally accepted accounting principles, except as follows:

The Agency's investments in land held for resale are budgeted as capital outlay expenditures.

Land held for resale which is converted to fixed assets is not budgeted.

There were no significant timing differences in 1999-2000.

- G. Encumbrance accounting** under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the budgetary process. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Such encumbrances are automatically reappropriated for inclusion in the following **year's** budget.
- H. Property Tax Increment** - All property taxes are levied and collected by the County Auditor of the County of Alameda and paid to the various taxing entities including the Agency. Secured taxes are due on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured taxes are due on July 1 and become delinquent on August 31. The lien date for secured and unsecured property taxes is January 1 of the preceding fiscal year. **Property** tax increment revenues include only property taxes resulting from increased assessed values and are recognized **in** the fiscal year for which the taxes have been levied, provided they become available and measurable within the current period or soon enough thereafter to be used to pay liabilities of the current period.
- I. Accumulated unpaid vacation and sick pay benefits** are recorded in the capital projects funds and are expected to be liquidated with available expendable resources.
- J. Fund balances** at June 30, 2000 consisted of reserved and unreserved amounts. Reserved **fund** balance represents that portion of a **fund** balance which is not **appropriable** for expenditure or **is** legally segregated for a specific **future** use. The remaining portion is unreserved fund balance.

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans or intent are subject to change, have not been legally authorized and may not result in expenditures.

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. "Total (Memorandum Only)"** columns in the accompanying combined financial statements do not present consolidated financial information. They are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data.

**NOTE 2 - CASH AND INVESTMENTS**

In accordance with the Certificates of Participation and Tax Allocation Bond Indentures of Trust, a Trustee holds bond proceeds amounting to \$560,211 at June 30, 2000 as a reserve for debt service. These bond proceeds are invested in an investment agreement. Carrying value equals fair value.

Agency cash not held by the Trustee is included in a City wide cash and investment pool. The City's cash is fully collateralized with securities held by an agent of the pledging financial institution in the City's name. City statutes permit investments in obligations of the U.S. Treasury or its agencies, money market funds investing in such obligations, negotiable certificates of deposit, commercial paper and medium term corporate notes that meet specified rating requirements, mutual funds, guaranteed investment contracts, repurchase agreements, reverse repurchase agreements when authorized by the Agency's board, the State Treasurer's investment pool (Local Agency Investment Fund) and banker's acceptances. The Agency did not enter into any reverse repurchase agreements during 1999-2000.

The City's investments are carried at fair value instead of cost, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

The Agency's cash and investments comprise the following at June 30, 2000 and 1999:

	2000	1999
<i>Investment Agreements and Pooled investments (non Categorized):</i>		
Money Market Funds (U.S. Securities)	\$67	\$13
Investment Agreement	560,211	560,210
City of Hayward Treasury	<u>4,036,567</u>	<u>4,943,335</u>
Total Cash and Investments	<u>\$4,596,845</u>	<u>\$5,503,558</u>

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 3 - RECEIVABLES FROM/PAYABLES TO THE CITY OF HAYWARD**

The Agency **loaned** \$950,481 to the City's General Fund for use as loans to homebuyers and third-party contractors for the purpose of promoting homeownership in the City and developing low and moderate income housing. Such **funds** are repaid to the Agency by the City as repayment is received **from** the loan recipients. The loans bear interest at rates equivalent to the Federal Home Loan Bank rate. At June 30, 2000 \$27 1,026 of the loan was still outstanding.

**NOTE 4 - LONG-TERM INTERFUND BALANCES**

The provisions of the State's annual budget required redevelopment agencies to contribute a portion of their incremental property tax revenues over the three fiscal years prior to 1995-96 to a county Educational Revenue Augmentation Fund ("**ERAF**"). Accumulated **ERAF contributions** through June 30, 1995 were **funded** by the Low and Moderate Income Housing Capital Projects Fund via **interfund, interest-free** loans, as permitted by State guidelines. The General Capital Projects Fund is required to repay the loans of \$486,988 to the Low and Moderate Income Housing Fund within ten years.

During the year ended June 30, 1998, the Agency **elected** to use a parcel of land known as Site 3 for the construction of a parking garage. In 1993 the Agency completed the acquisition of the site for \$650,000 with Low and Moderate Income Housing funds. As a result of converting this site **from Low/Moderate** income uses, the Agency has recorded an **interfund** loan which is expected to be repaid from future revenues.

**NOTE 5 - LAND HELD FOR RESALE**

Land held for resale of **\$5,055,507** and **\$2,541,273** at June 30, 2000 and 1999, respectively, is stated at **the** lowest of historical cost, net realizable value or agreed-upon sales price if a **disposition** agreement has been made with a developer performing projects in accordance with the Redevelopment Plan. The stated purpose of the Redevelopment Plan is to provide an improved physical, social and economic environment in the downtown area of the **City**.

# REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## Notes to Financial Statements

### NOTE 6 - FIXED ASSETS

Changes in the General Fixed Assets Account Group consisted of the following:

	June 30, 1999		June 30, 2000
	Balance	Additions	Balance
L a n d	\$703,000		\$703,000
Buildings	1,765,577	\$1,647	1,767,224
Improvements	6,607,813		6,607,813
Equipment	31,802		31,802
Total	<u>\$9,108,192</u>	<u>\$1,647</u>	<u>\$9,109,839</u>

### NOTE 7 - LONG-TERM OBLIGATIONS

Changes in long-term obligations consist of the following:

	Principal Outstanding June 30, 1999			Principal Outstanding June 30, 2000
	Balance	Additions	Retirements	Balance
Tax allocation bonds	\$5,540,000		5250, 000	\$5,290,000
Loans payable to the City	10,414,338	\$5,746,331	532, 000	15628.669
Total	<u>\$15,954,338</u>	<u>\$5,746,331</u>	<u>5782, 000</u>	<u>\$20,918.669</u>

Long-term obligations at June 30, 2000 are as follows:

Type of Obligation	Maturity	Interest Rates	Authorized and Issued	Outstanding at June 30, 2000
Tax Allocation Bonds				
1996 Redevelopment Agency Tax Allocation Bonds (a)	3/1/14	4.00%-5.50%	\$6,195,000	<u>\$5,290,000</u>
Loans Payable to the City				
Payable to the Water Enterprise Fund (b)	06/01/13	7.506%	5,946,333	3,963,195
Repayment Agreement (c)	Not determined	Not applicable	11,129,553	10,916,217
Payable to the Workers' Compensation Insurance Fund (d)	Not determined	Varies	513, 000	<u>749.257</u>
Total loans payable to City				<u>15,628,669</u>
Total				<u>\$20,918,669</u>

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 7 - LONG-TERM OBLIGATIONS (Continued)**

- (a) In February 1996, the Redevelopment Agency issued \$6,195,000 in Tax Allocation Bonds to advance refund \$5,620,000 of outstanding 1989 Tax Allocation Bonds. Proceeds from the 1996 Bonds were placed in an irrevocable trust to call and retire the defeased 1989 bonds. Debt service payments for the 1996 Bonds are made from incremental property tax revenues.
- (b) In 1990, the City's Water Enterprise Fund made a loan to the Agency to finance the purchase of land for development. Debt service payments for the loan are to be made from available incremental property tax revenues.
- (c) During the year ended June 30, 1999 the Council approved an Amended Repayment Agreement whereby the Agency has agreed to reimburse the City a portion of project costs for the B Street/Watkins/Mission Garage and B Street Retail and Civic Center Plaza. Total costs subject to the agreement are estimated to amount to \$7,929,553. The Agreement is non-interest bearing, repayable from available revenues of the Agency and subordinated to the Tax Allocations Bonds. As a result, the final maturity date of the loan has not been determined.

During fiscal 1998-99, \$3.2 million was loaned to the Redevelopment Agency pursuant to a City Council resolution to partially finance parking garage; retail and property acquisition costs. This loan bears interest at the average rate the City earns on its cash and investments (5.0% at June 30, 2000) and is expected to be repaid from proceeds of long term financing to be issued by the Redevelopment Agency. This loan was recorded as a short term loan due to the City at June 30, 1999. As of June of June 30, 2000 the City determined that the long-term financing is not likely to be completed within a year and this loan has been reclassified as long-term.

- (d) During the year ended June 30, 1993, the City made a loan of \$5 13,000 from its Workers' Compensation Insurance Internal Service Fund to the Agency to help pay for the settlement of a condemnation litigation case. Interest is accrued at the average interest rate of the City's cash and investment pool (5.0% at June 30, 2000). Repayment of the loan will be made from proceeds of the sale of Agency properties.

Summary of scheduled debt service payments, including interest amounting to \$4,881,007, for the general long-term obligations that have scheduled maturities follows:

	Tax Allocation Bonds	Loan Payable to Water Enterprise Fund	Total Debt
Year ending June 30:			
2001	\$543,082	\$526,505	\$1,069,587
2002	541,156	530,705	1,071,861
2003	543,506	529,020	1,072,526
2004	544,876	531,630	1,076,506
2005	545,236	533,300	1,078,536
Thereafter	4,983,619	5,017,115	10,000,734
Total	<u>\$7,701,475</u>	<u>\$7,668,275</u>	<u>\$15,369,750</u>

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 8 -JOINT POWERS AGENCY**

The Hayward Public Financing Authority (the "Authority") **was** established in May 1989 when the Agency and the City entered into a joint powers agreement under the Joint Exercise of Powers Law of the State of California for the purpose of **financing** certain capital improvements within the City. The governing body of the Authority consists of the City's seven **City Council** members who also act as the Agency's governing body. As a separate legal entity, the **Authority** exercises full power and authority within the scope of the Joint Powers Agreement including the accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the Authority are not those of the Agency.

Complete financial statements of the **Authority** can be obtained **from:** City of Hayward, Finance Department, 3<sup>rd</sup> Floor, 777 B Street, Hayward, California 94541.

**NOTE9- COMMITMENTSAND CONTINGENCIES**

The Agency is involved in several legal proceedings arising **from** its normal operations. It is the opinion of management that any obligations which may result **from** such legal proceedings will not have a material effect on the financial position of **the** Agency.

# REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2000

WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 1999

	General Capital Projects	Low and Moderate Income Housing	Totals	
			2000	1999
<b>ASSETS:</b>				
Cash and investments available for operations	\$1,662,955	\$2,233,201	\$3,896,156	\$4,840,070
Accounts receivable	179,434		179,434	
Loans receivable		400,000	400,000	
Interest receivable	24,267	22,539	46,806	55,003
Due from City of Hayward				277,000
Long-term receivable from City of Hayward		271,026	271,026	330,783
Long term receivable due from General Capital Projects Fund		1,136,988	1,136,988	1,136,988
Due from other government	55,061	9,510	64,571	
Land held for resale	4,407,427	648,080	5,055,507	2,541,273
Other assets	4,881		4,881	
<b>Total Assets</b>	<b>\$6,334,025</b>	<b>\$4,721,344</b>	<b>\$11,055,369</b>	<b>\$9,181,117</b>
<b>LIABILITIES:</b>				
Accounts payable	\$43,232	\$53,001	\$96,233	\$36,474
Performance bond and refundable deposits	78,000		78,000	53,000
Short-term loan payable to City of Hayward				3,200,000
Long-term interfund payable to Low and Moderate Income Housing Capital Projects Fund	1,136,988		1,136,988	1,136,988
Compensated absences	1,554		1,554	1,554
<b>Total Liabilities</b>	<b>1,259,774</b>	<b>53,001</b>	<b>1,312,775</b>	<b>4,428,016</b>
<b>FUND EQUITY:</b>				
Fund balances				
Reserved for:				
Encumbrances				
Low and moderate income housing		2,483,275	2,483,275	2,925,434
Loan receivable		400,000	400,000	
Long-term receivable from the city				330,783
Long-term interfund receivables		1,136,988	1,136,988	1,136,988
Land held for resale	4,407,427	648,080	5,055,507	2,541,273
Unreserved - designated for capital projects	666,824		666,824	
Unreserved, undesignated				(2,181,377)
<b>Total Fund Balances</b>	<b>5,074,251</b>	<b>4,668,343</b>	<b>9,742,594</b>	<b>4,753,101</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$6,334,025</b>	<b>\$4,721,344</b>	<b>\$11,055,369</b>	<b>\$9,181,117</b>

# REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE FISCAL YEAR ENDED JUNE 30, 2000 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	General Capital Projects	Low and Moderate Income Housing	Totals	
			2000	1999
<b>REVENUES:</b>				
Incremental property taxes	\$1,923,951	\$480,987	\$2,404,938	\$2,378,779
Interest	112,793	151,321	264,114	410,491
Reimbursement from City		156	156	44,163
Reimbursement from developer	1,183,749		1,183,749	
Charges for services				18
Other	210,974	50,566	261,540	4,316
<b>Total Revenues</b>	<b>3,431,467</b>	<b>683,030</b>	<b>4,114,497</b>	<b>2,837,767</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Salaries and benefits	264,709	102,110	366,819	246,296
Administrative services	205,331		205,331	213,648
Housing loan program		169,090	169,090	471,561
Capital outlay reimbursements to City of Hayward	211,595	47,000	258,595	3,458,339
Capital outlay	2,353,858	144,669	2,498,527	4,291,667
<b>Debt service:</b>				
Principal repayment	255,000		255,000	250,000
Interest and fiscal charges	528,441		528,441	275,950
<b>Total Expenditures</b>	<b>3,818,934</b>	<b>462,869</b>	<b>4,281,803</b>	<b>9,207,461</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(387,467)</b>	<b>220,161</b>	<b>(167,306)</b>	<b>(6369,694)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from repayment agreement	5,702,124		5,702,124	5,491,093
operating transfers in				
operating transfers (out)	(545,325)		154,532	(541,532)
<b>Total Other Financing Sources (Uses)</b>	<b>5,156,799</b>		<b>5,156,799</b>	<b>4,949,561</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>4,769,332</b>	<b>220,161</b>	<b>4,989,493</b>	<b>(1,420,133)</b>
<b>BEGINNING FUND BALANCES</b>	<b>304,919</b>	<b>4,448,182</b>	<b>4,753,101</b>	<b>6,173,234</b>
<b>ENDING FUND BALANCES</b>	<b>\$5,074,251</b>	<b>54,668,343</b>	<b>\$9,742,594</b>	<b>\$4,753,101</b>



# REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	General Capital Projects			Low and Moderate Income Housing		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Incremental property taxes	\$2,048,494	\$1,923,951	(\$124,543)	\$512,123	\$480,987	(\$31,136)
Interest	177,420	112,793	(64,627)	135,103	-151,321	16,218
Reimbursement from City					156	156
Reimbursement from developer	1,183,749	1,183,749				
Other		210,374	210,974		50,566	50,566
Total Revenues	3,409,663	3,431,467	21,804	647,226	683,030	35,804
EXPENDITURES:						
Current:						
Salaries and benefits	311,136	264,709	46,427	111,155	102,110	9,045
Administrative services	1,143,959	205,331	938,628			
Housing loan program				1,420,000	169,090	1,250,910
Capital outlay reimbursements to City of Hayward	211,439	211,595	(156)	47,000	47,000	
Capital outlay	4,274,988	4,274,988		853,820	737,773	116,047
Debt service:						
Principal repayment	255,000	255,000				
Interest and fiscal charges	528,441	528,441				
Total Expenditures	6,724,963	5,740,064	984,899	2,431,975	1,055,973	1,376,002
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,315,300)	(2,308,597)	1,006,703	(1,784,749)	(372,943)	1,411,806
OTHER FINANCING SOURCES (USES)						
Proceeds from repayment agreement	5,702,124	5,702,124				
Operating transfers in						
Operating transfers (out)	(545,325)	(545,325)				
Total Other Financing Sources (Uses)	\$156,799	\$1,156,799				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	\$1,841,499	2,848,202	\$1,006,703	(\$1,784,749)	(372,943)	\$1,411,806
Adjustments to budgetary basis:						
Land held for resale cost		1921,130			593,104	
BEGINNING FUND BALANCES		304,919			4,448,182	
ENDING FUND BALANCES		\$5,074,251			\$4,668,343	

Totals		
Budget	Actual	Variance Favorable (Unfavorable)
\$2,560,617	\$2,404,938	(\$155,679)
312,523	264,114	(48,409)
	156	156
1,183,749	1,183,749	
	261,540	261,540
4,056,889	4,114,497	57,608
422,591	366,819	55,472
1,143,959	205,331	938,628
1,420,000	169,090	1,250,910
258,439	258,595	(156)
5,128,808	5,012,761	116,047
255,000	255,000	
528,441	528,441	
9,156,938	6,796,037	2,360,901
(5,100,049)	(2,681,540)	2,418,409
5,702,124	5,702,124	
(545,325)	(545,325)	
5,156,799	5,156,799	
<u>\$56,750</u>	2,475,259	<u>\$2,418,509</u>
	2,514,234	
	<u>4,753,101</u>	
	<u>\$9,742,594</u>	

ACCOUNTANCY CORPORATION  
1670 Riviera Avenue • Suite 100  
Walnut Creek, California 94596  
(925) 930-0902 • FAX (925) 930-0135  
E-Mail: [maze@mazeassociates.com](mailto:maze@mazeassociates.com)  
Website: [www.mazeassociates.com](http://www.mazeassociates.com)

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH **GOVERNMENT AUDITING STANDARDS**

Members of the Governing Board of the  
Redevelopment Agency of the  
City of Hayward, California

We have **audited** the financial statements of Redevelopment Agency of the City of Hayward as of and for the year ended June 30, 2000, and have issued our **report** thereon dated October 16, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to **financial** audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### *Compliance*

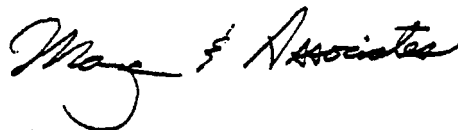
As part of obtaining reasonable assurance about whether the Agency's **financial** statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts including provisions contained in the Guidelines for Compliance Audits of California Redevelopment Agencies. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, except as noted below, that are required to be reported under *Government Auditing Standards*.

The Agency had not filed the Blight Progress, Loan and **Property** reports required under Health and Safety Code Sections 33080.1 and 33080.4 as of December 31, 1999.

### *Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we did communicate other matters to the Agency Board in our separate Memorandum on Internal Controls dated October 16, 2000.

This report is intended for the information of the Board, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



October 16, 2000

---

Due to the size, type or quality of the attachments, they are not scanable and therefore are not available for website viewing. The report, in its entirety, is available in the City Clerk's Office, Planning Division, and at the Main Library.